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PROGRAMME PLANNING AND IMPLEMENTATION

Country programmes and projects

FIFTH COUNTRY PROGRAMME FOR EGYPT

Programme period	Resources	$
1992-1996	Net IPF	44 948 000
	Estimated cost-sharing	7 300 000
	Total	52 248 000

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I. DEVELOPMENT SITUATION, OBJECTIVES AND STRATEGIES

A. Current socio-economic situation

1. Until very recently, Egypt's development strategy was dominated by the public sector, with the main focus on social welfare objectives. Large fiscal and current account deficits were generated and financed in part by a burgeoning external debt. The rapid economic growth experienced in the late 1970s and early 1980s was the result of large inflows of foreign exchange from increased foreign assistance and borrowing, oil-related exports, workers' remittances, tourism, Suez Canal revenues and direct foreign investment. The impetus behind this unsustainable growth soon dissipated and Egypt became unable to service its enormous debt. This situation has changed with Egypt's recent adoption of comprehensive economic reforms. These steps influenced negotiations with the Paris Club in May 1991 and resulted in 50 per cent of Egypt's external debt being forgiven and the balance of $20.2 billion rescheduled over a period of 20 to 30 years.

2. By 1991, Egypt's population had increased to an estimated 55.8 million, with most of it concentrated in the narrow Nile valley and the Nile Delta, areas which together make up less than 4 per cent of the entire country. Consequently, there is a soaring density of 912 inhabitants per square kilometre, with growing intrusion onto cultivable land, expanding rural-urban migration and a rapidly increasing food gap. With an average per capita gross national product (GNP) of $675 (1991), Egypt counts among the middle-income group of developing countries. In terms of social indicators, the child mortality rate has declined from 92.4 per thousand in 1973 to 44.7 per thousand in 1987, life expectancy has increased from 53 years in 1973 to 62 years in 1987 and public expenditures on health, as a percentage of GNP, have risen from 0.6 per cent in 1960 to 1.1 per cent in 1987.

3. Since the widespread nationalization of businesses in the late 1950s and early 1960s, Egypt's economy has been dominated by public sector companies. In spite of the gradual resurgence of private sector activities, beginning in the mid-1970s, over half of the total gross domestic product (GDP) and about two thirds of non-agricultural GDP are still produced in the public sector. In manufacturing alone, the public sector share totals 75 per cent. Recent development in the Egyptian economy reflects the country's twin constraints: a number of persistent structural problems compounded by disequilibrium in the use and availability of resources that is a large excess of domestic demand over available resources.

B. National development objectives and strategies

4. The Government has approved the Third Five-Year National Plan covering the period 1992-1996, representing phase III of the Long-Term Plan (1982-2002). In the two earlier cycles, the aim was to rehabilitate the productive base, upgrade the commodity and service sectors and build the infrastructure of the economy. The Third Plan reflects a turning point in Egypt's development process through its emphasis on a systemic shift to a market-oriented economy. Specifically, it presents a multipurpose strategy

for adjusting the public sector towards more autonomy and greater accountability through privatization, encouragement of greater involvement of the private sector in economic activities and reduction of State controls and regulations.

5. The Third Five-Year Plan is not simply a series of projects but a framework for policy development and for the implementation of the country's economic reform programme. Some areas under the Plan have been given priority, including scientific research and development; agriculture and industry, particularly the development of production, goods and services; mother and child welfare; improving the educational process; youth rehabilitation and environmental protection. Specific targets of the plan are to reduce unemployment, enhance the participatory process, increase savings, improve social security and encourage entrepreneurship.

6. To support the Plan, and to re-establish macroeconomic equilibrium, a stabilization plan and economic reform and structural adjustment programme were agreed to in mid-1991. Supported by the International Monetary Fund (IMF), the stabilization plan aims at achieving significant adjustments in critical areas of fiscal, exchange rate and monetary policy. The national economic reform framework, supported by the World Bank and donors aims at encouraging sustainable economic growth and improving the country's living standards through: (a) stabilization to restore macroeconomic balance and reduce inflation; (b) structural adjustment to stimulate medium and long-term growth; and (c) modification of social policies to minimize the effect of economic reforms on the poor.

II. EXTERNAL COOPERATION

A. Role of external cooperation

7. Since the 1970s, Egypt's economy has been characterized by dependency on external assistance. The volume of Official Development Assistance (ODA) remains high; in 1990 total ODA receipts were the equivalent of $5.58 billion or 17.2 per cent of GNP, of which over half was allocated to the social sectors. ODA grant assistance in the same year was estimated at $2.4 billion with the United Nations system contributing $24 million of the total. As a result of the Paris Club agreements, total pledges for the years 1992 and 1993 are estimated at $8 billion, including $3 billion from the Gulf countries.

8. Economic recession and internal political pressures in major industrialized countries, combined with new areas of need for development assistance - environment; HIV/AIDS - and increasing demands for assistance from other parts of the world, indicate a potential decline of external assistance for Egypt in the future. Hence, it is important that focus be placed on building national capabilities in aid management so as to increase the responsiveness of aid provided and to develop strategies for self-reliance and sustainability.

B. Aid coordination arrangements

9. The Ministry of International Cooperation, in close consultation with the Ministry of Cabinet Affairs and the Ministry of Planning, is responsible for coordinating external assistance, including financial assistance from IMF, the World Bank and the International Fund for Agricultural Development (IFAD). The Ministry of Foreign Affairs is responsible for coordinating assistance from UNDP and the United Nations system; technical cooperation under regular programmes of the United Nations specialized agencies is coordinated by the respective sectoral ministries.

10. UNDP support will assist the Ministry of International Cooperation in establishing a system for the management of the aid portfolio that will provide the basis for coordination and the preparation of the annual development assistance report. In terms of external donors, a donor coordination group has been established under the co-chairmanship of the Dutch bilateral programme and UNDP. External coordination has been strengthened through the World Bank Consultative Group, which last met in July 1991. As a follow-up, a number of sub-donor groups have been formed for specific issues, including the Social Fund for Development, women in development, environment, energy and food supply. While the Joint Consultative Group for Policy (JCGP) is active, special programme collaborative agreements have been established between UNDP and the United Nations Children's Fund (UNICEF) and UNDP and the World Bank.

III. THE COUNTRY PROGRAMME

A. Assessment of the fourth country programme

11. The fourth country programme (1987-1991) was designed to address the national priorities of the Second National Development Plan by focusing the programme's indicative planning figure (IPF) allocation on the following areas of concentration: (a) agricultural production (24 per cent); (b) industrial production (21.4 per cent); (c) human resources (11.6 per cent); (d) information systems (18.9 per cent); (e) public services (13.7 per cent); and (f) advanced technology (9.8 per cent).

12. A mid-term review of the programme was held in October 1989. It concluded that the priority objectives and major areas of concentration of the programme were on track and relevant to the development needs of Egypt. However, while the mid-term review acknowledged achievement and impact in specific areas of concentration, it concluded that it was difficult to assess the overall impact of the fourth country programme on national development since UNDP resources were too dispersed among many small-scale projects. For a more tangible impact on critical areas, a number of criteria were adopted for the allocation of remaining fourth cycle resources, including contribution to employment generation, complementarity and concentration of efforts as opposed to fragmentation and capacity-building and soundness of project design and absorptive capacities of the targeted beneficiaries.

13. A major conclusion of the review was that in a number of areas of concentration as well as on a number of different levels - operational, managerial, policy and financial - the impact and sustainability of UNDP technical cooperation would have been greater if development needs had been addressed through a programme approach rather than one that was project-oriented. The review also noted that the key to building national capacity at the programme level lay in the proper assessment of capacities to be strengthened and identification of institutional complementarity; the assessment of such capacity should focus not only on existent capacities in the Government but in Egyptian society as a whole. It was concluded that a priority for the next cycle was the development of mechanisms to mobilize existing national capacities.

14. The time since the mid-term review has been used for a reorientation of the programme focusing on: (a) an assessment of what areas of the economic reform and structural adjustment programme require national capacity-building support through technical cooperation; (b) a shift to the programme approach and increased utilization of the national execution modality; and (c) the establishment of new collaborative arrangements with the World Bank.

B. Proposals for UNDP cooperation

1. Preparatory process

15. The fifth country programme is based on an extensive and continuous policy dialogue which started in October 1989 with the mid-term review of the fourth country programme and which has included several levels of Government up to the Prime Minister's office and the Peoples' Assembly; academia, the private sector; non-governmental organizations (NGOs); the JCGP partners and the United Nations specialized agencies; international financial institutions such as the World Bank and the IMF; and the donor community at large.

16. The UNDP advisory note was presented in May 1991 and subsequently approved by the Government in December 1991. However, the presentation of a draft fifth country programme, originally due for submission to the Governing Council at its thirty-ninth session, was delayed in order to integrate the new programme fully with the Third National Development Plan (1992-1996) and the economic reform and structural adjustment programme launched by the Government. A one-year extension of the fourth country programme was accordingly approved to cover 1992 in order to develop programme-oriented cooperation in areas of concentration identified in the advisory note and to integrate these within the framework set out by the recently approved Third Five-Year National Plan.

2. Strategy for UNDP cooperation

17. The Government has been guided as to where UNDP cooperation should be focused by careful assessment of national development priorities, UNDP's

mandate and comparative advantages in Egypt, programming activities of other development partners, General Assembly resolution 44/211 of 22 December 1989, and recent Governing Council decisions.

18. The strategy for the fifth country programme is based on UNDP's comparative advantages in Egypt and experience gained during the fourth cycle. On a substantive level, UNDP's multidisciplinary mandate matches well with Egypt's major development priorities, in both environmental management and public sector reform. The political, sectoral and commercial neutrality of UNDP in combination with its transparency and accountability make it an important source for (a) policy advice and capacity-building support to such sensitive areas as public enterprise reform/privatization; (b) the establishment of mechanisms to address the adverse social consequences of economic reform and structural adjustment; and (c) the monitoring of the implementation of the reform programme itself. On a functional level, UNDP's grant nature and its flexible procedures make it ideal for catalytic and innovative activities that mobilize national Egyptian capacity wherever it exists. Finally, UNDP's shift to a more strategic and upstream programme approach makes it particularly relevant as Egypt faces a rapidly changing socio-economic policy environment; UNDP cooperation can be provided to help develop national strategies in areas such as human development, upon which national programmes will be developed, thereby enhancing impact as well as coordination and resource mobilization.

19. In order to maximize its substantive and functional comparative advantages, UNDP technical cooperation will focus on supporting the Government's policy dialogue and developing Egypt's process management capabilities. Consequently, the fifth country programme will be centred on the theme of national capacity-building including: (a) capacities to define and manage long-term strategy development through the establishment of think tanks; (b) capacities to define substantive development policies through the establishment of task forces composed of members of government policy units, academia and the private sector as appropriate; (c) capacities to manage policies and development resources through support to technical secretariats under the national execution modality (these might be particularly relevant for time-limited programmes where autonomous, neutral structures are required); and (d) capacities to implement development activities through the establishment of operational units.

20. In shifting from a project to a programme approach, UNDP will assist the Government in: (a) strategy development and programme formulation; (b) resource mobilization; and (c) building the capacity of national institutions responsible for implementation under the national execution and through cost-sharing arrangements. While UNDP would not have responsibility for financing all activities contemplated under a specific programme, UNDP resources may be used to finance technical cooperation for specific capacity-building components and to help set up operational and/or revolving funds to initiate programme implementation. In order to maximize these roles fully, the Government encourages the development of the innovative operational

mechanisms outlined above and joint programming arrangements between UNDP, the donor community and international financial institutions.

21. At the conceptual level, the UNDP focus on human development and capacity-building will serve as the basis for a new joint UNDP/Government collaboration with the donor community and international financial institutions. At the institutional level, complementarity between UNDP and the donor community and international financial institutions will focus on facilitating the immediate implementation of government programmes and projects to be financed by the donor community and mobilizing national human capital required for government counterpart agencies. At the operational level, under the national execution modality, the Government may use UNDP resources to start up operations immediately - through preparatory assistance, bridging financing and strengthening institutional support for programmes and projects being prepared by the donor community and international financial institutions through the establishment of technical secretariats and operational units for specific purposes, such as capacity-building elements of World Bank technical assistance loans.

3. Proposed UNDP cooperation in selected areas of concentration

22. The capacity-building strategy will be followed by focusing UNDP resources on the following two areas of concentration which are regarded as high priorities and for which there exists a clear need for technical cooperation: (a) implementation of the socio-economic reform programme agreed to at the May 1991 Paris Club meeting through support to economic and management development and (b) support to sustainable human development.

Economic and management development

National development objectives

23. In 1990, Egypt adopted its economic reform and structural adjustment programme (ERSAP), which has since served as the national socio-economic reform programme framework within which all national and donor resources are programmed. A systematic effort to accelerate, strengthen and broaden the pace of economic reform needed to reach a full-employment, market-based economy, ERSAP focuses on stabilization and structural adjustment to improve efficiency in resource allocation while switching towards a private sector/export-led growth strategy and modified social policies to minimize the effects of economic reforms on the poor.

24. Specifically, ERSAP's components include: (a) macroeconomic reform aimed at curtailing inflation, budget deficits and restoring creditworthiness; (b) public enterprise reform aimed at privatizing and restructuring public enterprises and at reforming financial relationships between public enterprises, commercial and investment banks and the Government; (c) domestic price liberalization aimed at decontrolling prices in the agricultural and manufacturing sectors; (d) foreign trade liberalization aimed at phasing out

most non-tariff barriers to imports and exports, reducing high customs tariffs and dismantling restrictions on exports; (e) private sector reform aimed at encouraging and facilitating private enterprise development through abolishing investment and production controls and dismantling government monopolies; and (f) addressing the social consequences of adjustment through the establishment of a social fund for development aimed at minimizing the adverse impact of reforms on the poor.

Proposed UNDP cooperation

25. In an effort to enhance the successful implementation of the high priority ERSAP, UNDP technical cooperation will focus on building national capacity in the following four programme areas in order to implement, and sustain, these ambitious reforms.

26. Support to the establishment of an implementation monitoring mechanism for the reform programme. In order to implement the reform programme in a sustainable manner, there must be a build-up of both monitoring and implementation capacity. At present, there is no single agency that can undertake the timely monitoring of the ERSAP as macroeconomic policy is formulated, implemented and monitored by a number of ministries. UNDP technical cooperation is needed to not only help ensure that targets are being met but, more importantly, to ensure that the implementation of the programme is monitored from the standpoint of its impact on the growth and structural change of the economy, on the development of the private sector, on the level of employment and real wages and on the standard of living of the population at large. UNDP will provide capacity-building support to the technical secretariat established to assist the Interministerial Economic Reform Committee in coordinating and monitoring the implementation of the reform programme and in formulating macroeconomic policy on a continuing basis, thereby enhancing Egypt's capacity for economic policy formulation.

27. Public enterprise reform and privatization. A major element of the overall reform framework is a programme for public enterprise reform and privatization that aims at increasing efficiency, productivity and profitability of public enterprises and enhancing their contribution to GDP; its components target reform of the public enterprise sector, including privatization, as well as reforms in the banking sector, securities market and regulatory environment for business. UNDP will provide high-calibre institutional development and capacity-building support to national entities in the new organizational structure being established and to the Public Enterprise Office itself, an autonomous, technical secretariat recently established to assist in implementing the major elements of public enterprise reform as outlined in the new business law passed by the People's Assembly. Those elements are: (a) removal of public enterprises from the administrative control of line ministries; (b) separation of enterprise ownership from management, thus giving management autonomy to make financial and operational decisions without government interference; (c) making the access of public sector enterprise to credit dependent on their creditworthiness; (d) improving the regulatory environment so that both private and public sector firms

compete on equal terms; and (e) banking sector reform. While financial institutions will play a major role in implementing the transaction-related elements of privatizing and restructuring of individual enterprises, UNDP resources will also provide for comprehensive training for managers and directors of shareholder assemblies to adopt a business approach and pave the way for a new working rapport with the emerging private sector. UNDP technical cooperation will also be required for the reform and development of the securities market.

28. Public sector management. Public sector management constitutes an integral part of the reform programme and consists of the design and implementation of long-term comprehensive programmes for management improvement in civil service reform; the development of an environment for the private sector; decentralization and improved local service delivery; and public expenditure management. In line with the new process of regionalization under way and in order to address Egypt's unbalanced system of settlement, UNDP technical cooperation is required to support the Ministry of Planning's efforts to build innovative institutional capacity in regional planning through the creation of a decentralized decision-making system to manage the spatial dimensions of socio-economic and infrastructure development. UNDP cooperation is also needed to assist in the establishment of operational units to support decentralization to the governorate level and to facilitate it reaching the final beneficiaries at the grass-roots levels.

29. High priority continues to be given to development of comprehensive management information and decision-support systems in order to increase the efficiency of the public sector and to accelerate decision-making in strategic interdisciplinary areas of national policy-making. UNDP technical cooperation is thus required to help develop the analytical capability required by the major legislative bodies, such as the People's Assembly, as well as by the executive branch, including the development of management decision support-systems for the Presidency, the Prime Minister's Office, the Ministry of Planning, the Central Bank, the Central Agency for Public Mobilization and Statistics and the Governorate Information Network. UNDP cooperation is also required to support the Government's efforts to develop an information system for the coordination of development assistance necessary to enhance national management of the aid portfolio. It is expected that Special Programme Resources (SPR) funds will be allocated to elements of public sector management through the Management Development Programme (MDP).

30. Development of a transnational economy. The changing global and regional environment present Egypt with a unique opportunity to shift to a transnational economic emphasis where export-oriented industries, trade, services and technology transfer will help sustain Egypt's economic growth and social welfare. Through the Ministry of Foreign Affairs, new economic cooperation among developing countries/technical cooperation among developing countries (ECDC/TCDC) relationships are being considered with the newly industrialized countries of Asia, Latin America, Eastern Europe and the Commonwealth of Independent States. Further, Egypt's strategic location as the axis of African, Mediterranean and Middle-Eastern affairs enhances the

potential for greater regional integration and horizontal cooperation. UNDP technical cooperation support will help to: (a) establish an operational unit to assist the Egyptian Businessmen Association in the formulation of an innovative approach for transnationalization; (b) finalize the design of programme approaches for energy, agriculture, industry and tourism; and (c) establish business incubators for innovation and entrepreneurship development to assist young and small-scale entrepreneurs through training, management and marketing assistance.

Expected impact

31. UNDP intervention in economic and management development should result in increased national capacity for the monitoring and implementation of the socio-economic reform programme and enhanced national macroeconomic management. Indicators of success for the overall reform programme include a stable currency; controlled inflation; elimination of government subsidies and price control mechanisms; increased employment; and sustainable economic growth. By the end of the fifth country programme, the privatization process will be under way, supported by approved legislation for securities market and banking sector reforms. The public enterprise sector will be operating competitively and efficiently; over 100 public enterprises will have been prepared for privatization and another 75 restructured. Public sector management efficiency will have increased in part as a result of the development of integrated management information systems. At the transnational level, new agreements for cooperation with neighbouring countries will result in an improved trade balance in specific sub-sectors such as tourism, agriculture, energy and industry. Four pilot schemes for business incubators in Tenth of Ramadan, Industrial City, Alexandria Business Association and Fayoum Governorate will have provided the basis for future expansion to remaining governorates in the country.

Complementary assistance

32. UNDP efforts to build national capacity for the implementation of ERSAP will be complemented by cost-sharing from the European Community and the African Development Bank (AfDB). IMF and the World Bank are providing considerable financial assistance in support of the comprehensive stabilization and structural adjustment programme. Several donors are providing support to the overall five-year $45 million public enterprise reform/privatization programme, including the International Development Association (IDA), the European Community, AfDB, the Arab Fund for Economic and Social Development (AFESD), the Kuwait Fund for Arab Economic Development and several bilateral donors, including Canada, Denmark, Germany, Italy, the United Kingdom and the United States. In terms of management information system development, linkages will be developed with the UNDP Regional Information Technology and Software Engineering Centre (RITSEC) based in Egypt and with UNFPA assistance in support of the national statistical programme. While the Social Fund for Development will provide financial resources for setting up business incubators at the governorate level, the private sector will do the same for business incubators in the Industrial City and Tenth of

Ramadan. It is also anticipated that the private sector will provide complementary assistance to the development of a transnational economy.

33. Approximately $18 million or 40 per cent of total fifth country programme IPF resources have been allocated to economic and management development.

Sustainable human development

National development objectives

34. While Egypt is transforming its economy from dependence on the public sector to one encouraging private sector development, and from central planning to market forces, it is clear that there is a need to protect the poorest and most vulnerable groups from any adverse effects of adjustment, that liberalization and reform measures are not alone sufficient conditions to achieving human development and that sustainable development necessitates national policies that will also preserve the resource base now and for several generations to come.

Proposed UNDP cooperation

35. The Government has requested UNDP to provide catalytic support to Egypt's quest for sustainable human development. Under this area, the focus is on human development as an ultimate goal of development and on the preservation of the natural resource base in order to ensure sustainability. Technical cooperation will be focused on the following interventions.

36. Support to the elaboration of a sustainable human development strategy and operational mechanisms. UNDP support will be provided to: (a) the establishment of a High-Level Consultative Group to help develop a national strategy that will ultimately lead to a programme approach to sustainable human development; (b) the elaboration of an annual human development country profile that will outline reliable indicators on human development progress and continuing disparities at geographic, urban-rural and gender levels in order to incorporate the human development perspective into national planning and investment targets; (c) the development of a human development strategy outlining alternative scenarios, identifying required policy measures and approximate cost of implementation and source of financing; and (d) the elaboration of a multisectoral action programme for sustainable development by a multisectoral task force after thorough analysis of critical areas threatening sustainability, such as the burgeoning population growth rate in the face of increasingly scarce resources (land, water, energy).

37. Support to the development of a human resource development programme. As the enhancement of people's knowledge and skills is a key factor in strengthening their ability to participate in society and provide for their needs, UNDP support to human resource development constitutes a high priority. Specifically, UNDP technical cooperation will be provided to assist in the creation of a human resources development programme by providing national capacity-building support to the Technical Secretariat for Human Resource

Development being established under the leadership of the Ministry of Education. The Technical Secretariat will coordinate the implementation of the educational reform under way in Egypt which is emphasizing the evolving education needs of a new market economy and the variables governing external demand for labour; specific focus will be on vocational training in critical skills.

38. The Social Fund for Development and poverty alleviation. The Social Fund for Development is a semi-autonomous institution established by the Government to protect the vulnerable segments of the population from the anticipated adverse effects of stabilization and structural adjustment measures during the transition to a market economy through: (a) public works and the provision of essential services; (b) labour mobility; (c) small enterprise development; (d) community development, with a focus on women and youth; and (e) institutional development. In close collaboration with the World Bank, which is monitoring overall implementation, UNDP has been instrumental under fourth cycle preparatory and bridging financing in establishing the technical secretariat of the Social Fund, mobilizing donor resources and in providing institutional development support. Further UNDP technical cooperation support is being provided under the fifth country programme to strengthen the managerial efficiency and implementation capabilities of the Fund so as to enable it to achieve its objectives.

39. Besides providing capacity-building support to the Social Fund for Development itself, UNDP support will be provided under the Fund's framework to programmes specifically targeting the poor and most vulnerable groups including: (a) interventions to extend safe water and adequate sanitation to deprived communities, building on low-cost demonstration technologies developed under previous UNDP activities; (b) a female literacy programme designed to enlarge women's opportunities for income-generation and to bridge the gender gap; (c) a programme of job creation prepared with the International Labour Organisation (ILO); and (d) a collaborative youth enhancement programme with the United Nations Volunteers (UNV).

40. Support to the implementation of Egypt's Environmental Action Plan. An environmental action plan is being developed by the Egyptian Environmental Affairs Agency with support from UNDP, the World Bank and the donor community. It outlines Egypt's current and future environmental programmes and priorities to be supported by environmental legislation, financial facilities, institutional development support and policy measures. UNDP technical cooperation support is expected to: (a) set up a technical secretariat to help the Environmental Affairs Agency to build capacity for the management and implementation of the country's action plan; (b) develop an environmental country profile for monitoring; (c) develop impact assessment capabilities; (d) assist in the mobilization of resources; and (e) provide other coordination and policy development support as required. It is also envisioned that UNDP will provide catalytic support to preventive and environmental health programmes as a follow-up to Agenda 21.

Expected impact

41. UNDP intervention in sustainable human development should result in the integration of the sustainable human development concept into the national planning system; availability of a reliable human development database for decision-making and for monitoring progress; an increase in public investment/budgetary allocations to human resources development and health programmes; a demand-driven and qualitative education reform programme under implementation; increased income-generating opportunities for the poor and other vulnerable groups; reduced levels of female illiteracy and opportunities for women and youth; and an effective programme to protect the environment and the natural resource base. The elaboration of a human development profile will strengthen national capacity, both centrally and locally, for the generation of human development statistics and for data analysis. The involvement of non-governmental organizations such as the New Civic Forum in developing a human development strategy should result in greater participation of civil society in upstream policy-making. Implementation of the environmental action plan should result in new laws on environmental standards and related enforcement mechanisms.

Complementary assistance

42. Several United Nations specialized agencies are cooperating in the development of a country profile, the most notable being the United Nations Children's Fund (UNICEF). The multifaceted programme to be produced by the Task Force on Sustainable Development is expected to provide various avenues for mobilization and integrated programming of resources. Policy discussions are taking place between national sectoral authorities and interested members of the donor community, including the World Bank, UNICEF, the British Council, the European Community, AfDB and the United States Agency for International Development (USAID) for an inter-agency collaborative approach to the education sector. Almost the entire donor community in Egypt is participating in the Social Development Fund with external contributions totalling $609.5 million, $320 million of which is in the form of soft loans while $289.5 million is through joint financing with IDA or on a parallel grant basis. UNICEF, the United Nations Population Fund (UNFPA), the United Nations Volunteers (UNV), the Social Fund for Development and the National Council for Childhood and Motherhood are all partners with UNDP in the programme on female literacy.

43. Regarding the environment, the Kuwait Fund for Arab Economic Development is interested in cost sharing the International Cooperation Unit with UNDP while several donors are expected to commit funds for the Environment Action Plan; the World Health Organization (WHO), UNICEF, and the World Bank are expected to participate with UNDP in a programme of environmental and preventive health. Linkages will be established with the UNDP regionally supported Centre for Environment and Development for the Arab Region and Europe (CEDARE) in common fields of interest, including strengthening the capacities of national environmental institutions, developing sound environmental investment projects and formulating environmental policies and

regulations. Under the Global Environment Facility (GEF), UNDP is implementing a $5.25 million project to minimize the deterioration of water quality in Lake Manzala and to reduce the levels of pollutants flowing into the Mediterranean, thereby protecting international waters and promoting biodiversity. Special programme resources may also be mobilized from Capacity 21 and the GEF NGO Small Grants Programme. Three investment projects, totalling $5.3 million, have been approved under the Interim Fund of the Montreal Protocol; they address the recovery and phasing out of ozone-depleting substances (ODS) in foam production, substitution of non-ODS in foam production, technology transfer and chloro-flurocarbon (CFC) recycling and will be implemented through UNDP. Finally, the links between disasters and development will continue to be emphasized; disaster mitigation will be carried out in close collaboration with the Office of the United Nations Disaster Relief Organization (UNDRO) as well as with both indigenous and international NGOs.

44. Approximately $22.5 million or 50 per cent of total IPF resources have been earmarked for sustainable human development.

C. Assistance outside the main country programme areas

45. During the one-year extension of the fourth country programme (1992), attempts were made to phase out past activities which do not fit within the evolving framework of technical cooperation established for the fifth cycle. An unprogrammed reserve of approximately 10 per cent of total IPF resources is being established to respond to high priority technical cooperation needs that fall outside the two areas of concentration. At this stage, it is difficult to indicate the additional resources to be available from Government or third-party cost-sharing.

D. Implementation and management arrangements

46. The fifth country programme is characterized by a shift of UNDP cooperation from a project-oriented to a programme approach and from traditional agency to national execution. While the former will provide a strategic, macro-oriented framework for policy dialogue and enhanced coordination, the latter will reinforce national ownership of the programme and strengthen national capabilities for process management. These major shifts in substance and modality - complemented by the new support cost arrangements - has required extensive preparation in accordance with a desire to see the shift undertaken progressively.

47. A clear distinction is understood to exist between the design of strategies for development assistance, where the country's civil society would be involved, and Government responsibility for execution which is considered separately from implementation. In order to build capacity to manage and backstop national execution, an Operational Unit for Development Assistance has been established by the Ministry of Foreign Affairs to: (a) support the

design, monitoring and evaluation of development assistance projects and their coordination with national authorities and the international donor community; and (b) provide management services such as accounting and financial reporting, subcontracting, the procurement of equipment and supplies, recruitment of project personnel and the provision of logistical support. With regard to implementation, the Government will determine the implementation arrangements required to enhance sustainability on the basis of the quality of services offered by United Nations specialized agencies, as appropriate as well as by the private sector, professional associations, NGOs and academia.

48. Programme implementation will be marked by a high degree of participation both in the mobilization of intellectual elite in national policy-making and enhanced grass-roots and community participation. UNDP cooperation will facilitate the participatory process at: (a) the macro level by entrusting the execution of the human development strategy to an NGO, the New Civic Forum; (b) the central level, by enhancing the decision-making capacity of legislative representatives through the provision of management information tools to the People's Assembly; (c) the decentralized level through the provision of institutional development support to local NGOs and local development units at the governorate level; and (d) the grass-roots level by strengthening the role of social communicators in order to facilitate community participation, especially that of youth and women.

49. As noted, linkages between the fifth country programme and the UNDP regional programme for Arab States will be encouraged, particularly in the environment through CEDARE and the Mediterranean Environmental Technical Assistance Programme and in software/management information system development through the Regional Information Technology and Software Engineering Centre.

50. Improved monitoring and evaluation will play a key role in enhancing the quality and impact of UNDP technical cooperation. It is essential that substantive linkages among agreed activities be rigorously maintained. Cluster evaluations of ongoing activities will be launched to assess UNDP cooperation and the potential for a broader programme approach. A mid-term review of the programme is scheduled for the beginning of 1995; efforts should be made to maintain this timing so that adjustments can be made in response to changing or emerging national priorities.

Annex I

FINANCIAL SUMMARY

I. ESTIMATED RESOURCES (IPF + cost-sharing) TAKEN INTO ACCOUNT FOR PROGRAMMING

(Thousands of dollars)

Carry-over from fourth cycle IPF	3 300	
Fifth cycle	41 648	
Subtotal IPF		44 948
Project cost-sharing (Government)	3 500	
Project cost-sharing (third-party)	3 800	
Subtotal cost-sharing		7 300
TOTAL		52 248

II. ALLOCATION OF RESOURCES (IPF + cost-sharing) BY AREA OF CONCENTRATION

	Thousands of dollars			Percentage of total resources
Area of concentration	IPF	Cost-sharing	Total	
Economic management	18 000	3 000	21 000	40.0
Sustainable human development	22 500	4 300	26 800	51.0
Subtotal	40 500	7 300	47 800	
Unprogrammed reserve	4 448	-	4 448	9.0
TOTAL	44 948	7 300	52 248	100.0

III. COMPLEMENTARY ASSISTANCE FROM OTHER SOURCES USED IN AREAS OF CONCENTRATION a/

	Thousands of dollars	
A. UNDP-administered funds		
SPR b/	-	
Management Development Programme	1 000	
Subtotal		1 000
B. Other United Nations sources		
JCGP participating agencies	-	
Global Environment Facility (GEF)	5 200	
Other United Nations agencies (non-UNDP financed)	-	
Total non-core and other United Nations resources		
Subtotal		5 200
C. Non-United Nations resources		
Montreal Protocol		5 300
TOTAL		11 500

a/ This table includes only assistance that will be directly complementary to UNDP interventions in the selected areas of concentration.

b/ This category includes only SPR-financed, country-specific commitments.

Annex II

PROGRAMME MATRIX a/

	Poverty eradication and grass-roots participation in development	Management development	Environment and natural resource management	Transfer and adaptation of technology	Women in development	TCDC
ECONOMIC AND MANAGEMENT DEVELOPMENT						
Implementation and monitoring mechanism for reform programme	*	***		***	*	
Public enterprise reform and privitization	**	***		***		
Public sector management	**	***	**	***	*	**
Transnational economy	*	***	*	**		***
SUSTAINABLE HUMAN DEVELOPMENT						
Elaboration of country strategy and operational mechanisms	***	**	**	***	**	**
Human resources development programmes	**	***	**	**	**	
The Social Fund for Development and poverty alleviation	***	**	***	***	***	
Environmental action plan	**	***	***	***		**

a/ Asterisks indicate major linkages only.

Note: Intensity of the relation: *** strong, ** medium, * low.